GANNETT CO., INC. -- GOLDMAN SACHS COMMUNACOPIA CONFERENCE
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CORPORATE PARTICIPANTS

Gracia Martore *Gannett Co., Inc. - President, CEO*

CONFERENCE CALL PARTICIPANTS

Scott Wipperman *Goldman Sachs - Analyst*

Scott Davis *JP Morgan - Analyst*

PRESENTATION

Scott Wipperman - *Goldman Sachs - Analyst*

Good afternoon, everyone. My name is Scott Wipperman, from the Goldman Sachs Fixed-Income Credit Research Team. Very excited to have with us Gracia Martore, President and CEO of The Gannett Company. Gracia has been with Gannett since 1985; has held a variety of positions, including CFO and Chief Operating Officer; and was named President and CEO in October 2011. So we are very excited to have her here.

Gracia, thanks for being here.

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Thanks very much.

Scott Wipperman - *Goldman Sachs - Analyst*

Well, a lot of very exciting initiatives taking place across the Company which I want to talk about. But first, top of mind, for many investors is still the economy and the impact it's having on Company fundamentals. So maybe, just to start things off, you could share with us what you are seeing across your key businesses.

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Sure. Let me first start by saying, thank you very much for having me here. This is the first time I've participated as the CEO of Gannett. And you are absolutely right about a lot of exciting things going on at the Gannett Company right now. Back in February, we announced our strategic plan and talked about revitalizing and putting the Company on a path to growth. And we talked about it being an ambitious, aggressive plan, but a doable plan. And based on just seven short months into it, we are really pleased that we are making a lot of good progress. And I am even more confident than I was then, based on these early results that, over the next three years, we are going to more than achieve the goals that we set out for ourselves in February.

Now, talking a little bit about trends, if I start with the macro environment, I think we all know that the economy has certainly not been quite as robust as any of us had hoped it would be. Difficult, in some ways, to discern trends because there's a lot of uncertainty caused by both the political environment as well as the economic environment, concerns about things like the fiscal cliff and sequestration and all of those sorts of issues. And I think Mr. Bernanke probably didn't come out and talk about low rates through 2015 because it was a particularly robust economy.

So, from a trend standpoint, I think we are seeing the fact that there is more volatility in results month-to-month, quarter-to-quarter. Trends are hard to discern in some ways, given that uncertainty and volatility in the marketplace. But as I think about our businesses, overall I think our Publishing business in the third quarter on the advertising side will be a little bit better than it was in the second quarter. On the Broadcasting side, of course, we are blessed with the fact that we have 23 television stations; a number of them in some of the key swing states like Colorado and Virginia and Florida and Ohio. And given the strength of those television stations, we are seeing a good trajectory on the political side. And we would expect for the full year-end, October will be a very interesting month, for the political spending side of the equation. We expect to see record political spending for the Gannett Company.

On the Digital side, we continue to see good follow-through at, for instance, CareerBuilder. We own about 53% of CareerBuilder. And they have done a tremendous job on the product innovation side. So, while the employment market may be a bit tepid here in the states, they have found ways to grow revenues because of that product innovation. So I feel good about what we are accomplishing. And then layered on top of that, are some of the initiatives on the circulation side with our all-access content subscription model. In the second quarter we realized, for the first time since 2008, positive circulation revenue growth in our US Community Publishing, our 81 daily community newspapers. We expect to build on that in the third and fourth quarters and beyond, through 2015.

And in our Digital Marketing Services initiative, we are seeing the beginnings of very good traction. In fact, we talked in February about that being a business that we thought was going to be a very good business for us by 2015. And as we look at very early signs and the opportunities that we've had so far, I think that will be a bigger business for us by 2015 than we had even thought back in February.

Scott Wipperman - *Goldman Sachs - Analyst*

Great. Okay, a lot there to work with, so let's jump into the Publishing segment. And specifically, you mentioned the all-access content model. The focus around digital monetization and publishing has been a hot topic. Some of your peers have launched their own offerings. Just for those of us that are not familiar with the basic structure of the model, can you just give us the basic highlights? And then we can follow up with some questions from there.

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Sure, Scott. Basically, we approach this a little differently than a lot of other folks in the industry. We approached it from the standpoint of what consumers place value on. In Des Moines, Iowa; in Pensacola, Florida; in Phoenix, Arizona, what did consumers place value on? And our feeling was they'd valued the local engaging relevant content we were providing, not just the platform that we were providing it on. And so, we felt that it was appropriate for us to get value for that content that we were providing in a more meaningful way.

So our model has content at the very center of what we are focused on. We provide the consumer the opportunity to subscribe and get access to all of our content on all of our digital platforms. In addition to our websites, we have also added apps and tablet and smartphone apps and all the rest; so a lot of digital platforms. And then they have the opportunity to choose the frequency with which they want to receive the printed product on a home-delivery basis. Some want all-digital plus Sunday; some want all-digital plus a two- or three-day package. And then many want digital access and a seven-day subscription.

So we have really allowed the consumer to choose how they want to structure, within those parameters, receipt of the content. As I mentioned earlier, we have rolled out about 69 of our 81 daily newspapers. We have a couple more waves, as we call them, over the next few months. And we had set out some parameters in February around what we anticipated for circulation losses and revenue gains and all the rest.

And I am incredibly pleased with the progress we've made, and the fact that we are meeting, or, in some cases, doing a bit better than all of the parameters we laid out. And two of the most important ones are that we anticipate that circulation revenue growth will be about 25% on a full-year basis in 2013 for US Community Publishing; and, as a result of that, we would add about $100 million to operating profitability as a result of this initiative. And we are on target to do that. We will comment more on our third-quarter earnings call. Because each week, we have been rolling them out in waves. And each week we get more information. So we will share more on that with you on our third-quarter earnings call.

Scott Wipperman - *Goldman Sachs - Analyst*

And do you expect to have it entirely rolled out by the end of the year?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Yes, yes, we do.

Scott Wipperman - *Goldman Sachs - Analyst*

And if I understand the pricing correctly, I think at least on a percentage basis for the consumer to get the print delivery of the product, it's actually a decent increase. And I was thinking about it -- is that -- I understand that it's the consumer choice. But is it designed to lessen the print footprint over time, which may, in turn, also give you a cost benefit from a circulation and production standpoint? Or is it more just consumer choice, let them drive the --?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

It really is very much focused on consumers. One of the things that we have been, as a Company, extremely focused on over these last couple of years, is putting the consumer in the middle of everything that we are doing. In the prelude to announcing our all-access content model and beginning to roll it out last February, we did an enormous amount of consumer research around our pricing and around consumer desires and behaviors, both from a quantitative and a qualitative standpoint.

And so it really was looking at the way consumers are evolving; the way they interact with content; the way they engage with content; and their use of different platforms. The way they use a smartphone is quite different than the way they access content on an iPad, which is different than the way you read through a newspaper. So it was very much focused on looking at consumer behaviors and appropriately providing the kind of content that they wanted to engage with, and then getting value for that content that our consumers deemed to be valuable.

As well, the other piece of our circulation model was that we found in our research that on single-copy consumers, in many cases, thought they were paying more for it than they actually were. When they went to the convenience store and they put down gum and candy and the newspaper, they actually thought they were paying a higher price than what they were actually paying. So we decided to do some aggressive price increases on single-copy. And we have been rolling those through as we are rolling out these waves of other circulation, home delivery circulation.

And we are finding, again, that the circulation losses we anticipated, in fact, were less than what we are seeing. So we feel, overall, very good. We feel as though it's a very consumer-centric model rather than trying to hasten the demise of one part of the business or another, because the consumer is going to determine that.

Scott Wipperman - ***Goldman Sachs - Analyst***

And the circulation losses -- I think, on the second-quarter call, you said it was in the mid-single digits?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

Yes. We had anticipated on home delivery that ultimately the circulation, when we roll them all through and we get through price protection, that the home delivery losses in the short-term would be in the 5% range; on single-copy, a higher percentage than that. And we're finding them to be within those numbers. Ultimately, by 2015, as we explained in February, we anticipate that through aggressive marketing of our digital products -- and that's why we are rolling out more apps and more tablet applications and smartphone applications and additional content -- that we expect that we're going to be able to really increase the digital-only -- new digital subscribers to our product, to our various products. But our first focus has been on rolling it out with current subscribers and those who use our website.

Scott Wipperman - ***Goldman Sachs - Analyst***

And how -- the fear that people always have is you are going to cannibalize, potentially, the advertising revenues that you would otherwise get from having an open digital model. How has the response been from advertisers thus far? What can you share with us?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

In our second-quarter earnings call what Bob Dickey, who runs US Community Publishing for us, said -- was that the falloff in digital traffic has been a bit less than we anticipated, in fact, a fair bit less than we anticipated. We are realizing on all of the campaigns that we have. So we have not seen any kind of falloff in our digital revenues at all, as a result of this.

On the print side, what we have been very focused on for the last couple of years is building Sunday circulation. As we went into this new all-access content model, we were very focused on that because about 45% to 50% of our advertising revenue comes with our Sunday print product. And so we have been careful about the way we have been pricing it. And as we're looking at some of the numbers on Sunday home delivery, we are seeing that we are retaining -- 96%, 97% are taking the Sunday product, at a minimum, along with the digital all-access.

Scott Wipperman - ***Goldman Sachs - Analyst***

Okay, great. You touched on, in your opening comments, too, this focus that Gannett has always had on local content. And I believe you have been making some investments in terms of improving and enhancing that content. When I talk to investors, a big fear that people have is that publishers will cut to the bone. You open the paper; it's much smaller than what you're used to getting. This seems to be more offensive as opposed to defensive.

So can you talk us through your efforts there, one? And then, two, how should we think about being offensive, but also the ability to maintain costs? And what have you had to give in terms of investment in marketing?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Sure. I'm absolutely delighted that you are using the word -- that we are on the offense. Because that's exactly what we are talking a lot about with our employees and how they feel right now. That our Company is on the offensive; that we are not sitting back on the defensive, or don't have the ability to make the investments that we need to make to make sure we have a successful and thriving future.

We have done a lot of work, as we said we would in looking at the content that we provide in the local markets. Because sometimes I'm asked the question, particularly in a venue in New York: How is it you think that people would value your content -- The New York Times, I can understand how they can get paid for this? Well, in Des Moines, Iowa, the Des Moines Register is just as important, if not more important, to the citizens of Des Moines as The New York Times is to the citizens of New York City.

So we have been extremely focused on, number one, looking at what in each market our consumers want to see in their news and information from us. We have called it, for lack of a better word, passion topics -- what that community is passionate about, what they want more news and information around. For instance, yesterday I was at our newspaper in Fort Collins, the Coloradoan. And in that marketplace consumers are very passionate about giving and philanthropy; very passionate about outdoors activities. And, interestingly, there is quite a microbrewery economy there. It drives about $85 million of revenue into that community. And so people are very interested -- hopefully, carefully -- very interested in the microbrewery industry in that community.

What we are doing is we are focusing on those several topics that consumers in the marketplace are most passionate about and providing increased coverage around that. And then we are looking at other things that we have, historically, for 50 or 100 years, thought that consumers wanted. And through a lot of work that we're doing, understanding better what their desires are and what they maybe are not as interested in, looking at those areas and saying maybe we can pull back on that. Because, really, the community is telling us that that's not something that particularly is very interesting to them. That's one of the biggest things that we are doing, is really focusing, market by market, content that meets the needs of the consumers in those markets.

The second thing that we are doing -- as I mentioned -- we're providing a lot more digital content on a variety of platforms -- Web, mobile, smartphone, tablets. And what we understand from all the work that we have been doing is that -- and you, I'm sure, know yourselves from experience -- is the kind of content I want to access off my smartphone is very different from what I access off of my iPad and the way I use it. And that's very different from my desktop, which is different from my print product. And so we have been very focused on appropriate content for the platforms.

So on the smartphone what we're finding is people want weather and stocks and quick headlines; whereas on the tablet, they are much more interested in the visual experience and the design, and more video, and those kinds of things. And they are more likely to access and actually shop on a tablet. And other things, they are more likely to do social media interactions and e-mail on a smartphone.

So it's understanding, in each community, how consumers are using each platform, and then tailoring the content to meet each one of those platforms.

Scott Wipperman - *Goldman Sachs - Analyst*

And in terms of --

Gracia Martore - *Gannett Co., Inc. - President, CEO*

And on the cost -- I'm sorry.

Scott Wipperman - *Goldman Sachs - Analyst*

Yes. No, that's fine.

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

On the cost structure side, we talked a lot about, in February, the fact that at the same time that we are focusing on providing more content because, let's face it, in 2008 and 2009 every business in America -- it wasn't just the media industry or the newspaper industry that was looking to trim costs in a more meaningful way, it was every industry. We are now very focused on providing that additional content that we need to provide. We've added about 70 journalists in US Community Publishing so far, to help us with that process in all of the various platforms.

But what that adds for us is, number one, all those additional platforms add additional ad inventory that we are able to monetize. Number two, at the same time in February that we said we were going to be making these investments, we said we're also going to be very much looking at optimizing every asset that we have and getting everything we can out of every asset we have.

One example: Recently we announced a deal with InnerWorkings where we are moving all of our third-party printing for USA WEEKEND and Clipper magazines, as well as a variety of other printing that's non-newspaper related. And we expect that contract will save us about $60 million over the next five years.

So we are very carefully looking at every opportunity. We put together all of our printing capabilities across the Company into one organization called Gannett Publishing Services. The idea behind that was twofold. One, it was to create more efficiencies around the manufacturing and distribution arm of the business, and we have been doing that. And secondly, and as importantly, is we have excess press capacity. And they have a fairly sophisticated system of loading print assets. And so we are using that system to find opportunities to add print jobs to our capacity, manufacturing capacity. So hopefully, over the next few years, we will see a nice ramp in revenues from that.

So, at the same time, we are extremely focused on our initiatives to improve the top line. And that is our-number one focus. We are also doing a number of things, as we always have, to make sure we optimize every asset we have. On the real estate side, we have been extremely focused on looking at every building that we own, and looking at the square footage. To the extent that there are opportunities to sell buildings, or to bring in tenants to buildings, or to re-stack them to free up space, we are doing that. So a lot of things are going on creating efficiencies and at the same time creating great revenue opportunities.

Scott Wipperman - ***Goldman Sachs - Analyst***

Okay. That's great. I have some more on Publishing, but why don't we jump to Broadcasting and then we can come back. Because, obviously, Broadcast, as you mentioned, is a great story right now. Everyone is very focused on the record ad spending that we keep hearing about. I think the guidance you gave on the second-quarter call was for TV revenues to be up in the low 30% range, I believe, for the third quarter. What can you share with us from what you are seeing in those markets, maybe talk about also ad categories. And how strong is this political environment?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

Sure. Well, the third quarter was blessed by -- at least, for us, we own 12 NBC affiliates -- and very strong NBC affiliates, I would point out -- was blessed by two things or three things, actually. One, the Olympics on NBC; and we had the highest-rated station, in Denver, for the Olympics for the NBC family, and we also had a lot of strong stations. Our Olympics revenues were quite strong. Dave Lougee shared, on our second-quarter earnings call, that we expected our revenues for the Olympics to exceed what we did in the four-year-prior Olympics by about $10 million to $12 million. And we certainly achieved that. So the Olympics were a very good event for our NBC stations.

Also, on the political front, as I mentioned earlier, we are in a number of the swing states. There is record spending going on. I guess Governor Romney had a little slowdown here in September. But I suspect he has been out on the hustings, raising a lot of money in these last few weeks. And then there's the Super PACs on top of that. So we expect that October and the few first days of November are going to be quite strong for us, given the great strength of our stations combined with where they are located. And we fully expect that this will be a record year of political ad dollars coming into the Gannett Company.

Scott Wipperman - ***Goldman Sachs - Analyst***

So the guidance on the 30% --

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Well, actually, that wasn't necessarily guidance. What that was, was pacings at a point in time. And we indicated that there would be a few variables up and down.

Scott Wipperman - *Goldman Sachs - Analyst*

Okay. What about the auto category? It has been consistently cited across ad mediums. What can you share with us about what you're seeing?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

On the TV side, auto has been a very, very good category for us, even into the third quarter. Obviously, as political is going to build in October and early November, there will be some displacement. Advertisers -- and we would counsel advertisers, you don't want to be the sole auto ad in the middle of 52 ads for various candidates or various issues; that's probably not going to maximize the value of those ads. So auto has been very strong. We would expect there will be some displacement, clearly, as result of political ads, as there is virtually every year. But then we expect that auto will continue to be a strong category. The numbers that they are talking about, of units that are going to be sold, some of them relaunches, portend for auto to continue to be a good category.

We've seen good growth on broadcast in the medical category, health categories, and several others. So we feel very good about the strength of our stations and our ability to do a very good job there. And then retrans has been another real positive for us. Even in a year when we haven't had any significant deals up, our retrans revenues are going to be up in the mid-teens. We expect about $90 million to $92 million of retrans in 2012.

Scott Wipperman - *Goldman Sachs - Analyst*

And on the retrans front, where you have really benefited as well, is you haven't had any affiliate agreements actually come up for renewal yet. So eventually they will come up. Can you just remind us, what is your philosophy around sharing some of those fees with your affiliate partner?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Sure. Let me start by refreshing everyone's memory on when our affiliation agreements come up. We have three ABC affiliates that come up in February of 2014. We have six CBS affiliates that come up in December 31st of 2015. And then our 12 NBC affiliates come up in January of 2017. So it's a fairly long arc until we get to the end of some of those affiliations, the bulk of those affiliation agreements.

We feel as though a lot of time has been spent on the sharing part of the equation. More time, actually, needs to be spent on the fact that between now and when we anticipate when our affiliation agreements come up, looking at where the market is today and how the market is growing for retrans. We see retrans as a much bigger pie going forward. And so we would anticipate that, by the time we have to share our retrans dollars in any kind of meaningful way, we will be a point where, even with sharing, our number in 2017 will be higher than what our retrans number is today.

So the high will expand. And our feeling on sharing is that, as long as those dollars are used by our network partners to improve their programming -- especially in the case of NBC -- to improve their programming and to really reinvest in their businesses, then that is going to be a win for us as well as a win for them.

Scott Wipperman - *Goldman Sachs - Analyst*

And is there any retrans agreements coming up next year that we should be aware of?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

We are, actually, right at the moment, in the midst of one negotiation. And there's another that will be coming up towards the end of year.

Scott Wipperman - ***Goldman Sachs - Analyst***

Maybe just sticking with broadcast for a second, different tack; but there has been a lot of M&A activity across the sector. Gannett has yet to participate. Can you share with us, what is your philosophy regarding Broadcast M&A? Is this something we could see you participate in, either in divesting or acquiring stations?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

You know, we are blessed at Gannett with having an incredibly strong balance sheet now, as you know. And we have the flexibility with the enormous amount of free cash flow that we have. We have always been a very opportunistic company. So as we've always said, we could be on either side of that equation on any of our businesses, depending on what we see the value, whether we see a value of buying or whether we see a value of realizing an attractive price.

We obviously love our Broadcast business. We have 23 great television stations. They have done extremely well for us, and are well-positioned. And certainly we would look at opportunities to do duopolies, as we said before. The economics there make a huge amount of sense to us, as we've seen in other situations. But obviously, the pricing has to be appropriate.

And that's true of all of our business lines, frankly. We can be very opportunistic. We have been doing some bolt-on acquisitions. In February, when we announced our strategy, we said we would probably do some bolt-on acquisitions in areas where we felt that there were outsized growth opportunities. And we've done a couple of those acquisitions in the last month on the Digital Marketing Services side, where we see a tremendous opportunity for our Company.

Scott Wipperman - ***Goldman Sachs - Analyst***

You mentioned the balance sheet. And obviously in February, you also announced a new capital allocation plan; increased the dividend to, I think, $0.80 annually; $300 million buyback authorization. Can we maybe just focus on that for a second? I guess, first, can you remind us where we are in terms of the buyback authorization? And maybe frame for us under what instances could we see that accelerate or increase? And then how should investors be thinking about the rate of growth in the dividend over time and the mix between dividends and buybacks, and how you plan on operating?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

Sure. In the first quarter we said that we bought back about $35 million of stock. In the second quarter, when our stock price dipped a little, we bought back about $45 million. So we bought back about $80 million for the first two quarters of the year. We will obviously talk about what we've bought back in the third quarter, on our earnings call. We are certainly on track to realize what we said we would do, of the $300 million over two years.

What would change the dynamics around those is, as we said in February, as we grow our earnings and we grow our free cash flow, then we will look to grow those factors and return more dollars to our shareholders. So that would be the impetus for us doing that above a normalized kind of rate of growth.

So we feel very good about our plan. We've said, back in February, that we would return about $1.3 billion to shareholders by 2015. We are clearly right on track to do that. And as we see our earnings progress, we will continuously reevaluate that.

As to the mix, frankly, we are going to have to see where tax rules go. I've heard a lot of investors talk about if dividends become more fully taxable, then they will be less interested in dividends and more interested in other ways to return capital. So we're going to be very vigilant about looking at that and making sure that we do the best thing possible for shareholders.

Scott Wipperman - ***Goldman Sachs - Analyst***

Great. And sticking on the balance sheet, the Company has paid down an unbelievable amount of debt in recent years; which, as a fixed-income guy, I've obviously been happy with. But where do things stand now? How should we be thinking about the balance sheet going forward? Is there an absolute debt level that you are managing towards? Is there a leverage target that we should be thinking about? How is it going to evolve from here?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

We really don't have absolute debt level or an absolute target. It's really much more focused on what opportunity sets are out there. We will continue to return a lot of cash directly to our shareholders. We want to make sure we keep some powder dry to do some great acquisitions, like we just did over the last month or so. But as we said in February, nothing that is going to be extraordinarily significant. Probably things that are going to be more bolt-on and additive to some of the real growth businesses that we are involved with.

So we are comfortable with our balance sheet where it is. Just by having the strength of our cash flow, you will probably continue to see some debt paydown. But that's not a big focus for us right now. It's really doing the things that we are doing to invest in the Company to make sure that we achieve those growth targets, those aggressive growth targets that we laid out in February.

Scott Wipperman - ***Goldman Sachs - Analyst***

I'm going to give the audience a few questions. I think we have a microphone.

QUESTION AND ANSWER

Unidentified Audience Member

Would you describe the pricing on your Internet service? And is it tied in at all to print subscribers?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

Yes. As I mentioned earlier, we have what we call a full-access content subscription model. And the way it works is that we provide access to all of our digital platforms, whether it's an e-edition, or tablet or mobile or our desktop. So we provide all of that for one price. And then you have, as a consumer, the ability to add on a frequency of print. So either Sunday only, or three or four days, or seven-day. And those have varying price points.

And then, on the website, for non-subscribers there is a metered approach. So, depending on the market, it can be anywhere from 7 to 20 articles before you're asked to pay for them, or to subscribe.

Scott Davis

Gracia, Scott Davis. Two questions, I guess, just to understand a little more color behind the new circulation plans. One is, can you describe what the sign-on process was to get people to choose how long do subscriptions last, so we can understand when the renewals are going to come up; what you expect for those renewals? And then I have a follow-up.

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

Sure. If you are referring to before we put in the access, full-access model, or after?

Scott Davis

Before, so we can understand what that process was. How do people make the choice? Did you already have their credit card? And how do you think about it after their renewal?

Gracia Martore - ***Gannett Co., Inc. - President, CEO***

Right. Prior to the all-access content model, we probably had about 50% to 55% of our subscribers on what we call EZPay or annual subscriptions. So we have their credit cards, or they were paying on an annual basis. And then there's some percentage that are on a three-month or a six-month subscription. What we did when we rolled out the all-access model was as they had to sign up, that was a great opportunity for us to talk about signing up for EZPay. And so we've seen much higher numbers of those subscribers converting to EZPay, where we have the credit card and we just simply charge them against it. So that has been another nice option of our model, which is that we are getting more pickup on the EZPay.

Scott Davis

And then, before asking the follow-up, just to make sure I understand -- so have you been through a cycle with anybody who was on a three-month timeframe, to see what happens, whether they like the new service and what the response was?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Yes. We've talked a lot about the first six or so sites that we brought up back in the late-February timeframe. So they would have been through a three-month subscription model. And, as I was saying earlier, Bob Dickey commented on our earnings calls that we are seeing the retention of them within the parameters that we had anticipated. So we feel very good about the traction we are getting.

Scott Davis

Okay, and then my second question is the $100 million in incremental profit from that 25% increase in circulation. Maybe I'm doing my math wrong, but the Community newspaper division I think, is around $700 million. So 25% of that is --

Gracia Martore - *Gannett Co., Inc. - President, CEO*

A little bit less than that.

Scott Davis

And then, so 25% of that would be $175 million. What's the difference between the $175 million in incremental revenue and the $100 million in profit? I wouldn't think there would be extra cost, but maybe there is.

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Well, first off, for subscribers, as we are bringing them on, we have to price-protect them. So, if you had an annual subscription and you sign up now, we can't put that new price in place for a year. Secondly, there's obviously marketing and technology expenses associated with bringing everybody up. And thirdly there is that incremental loss of subscribers that we've talked about that would deduct from the revenue number. So that's where we come up with that number.

Scott Davis

And the newsprint price or dollar amount -- is that the same? Are people choosing two newspapers a week instead of five, and you are sitting on that? Or not really?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

No. You know, actually, I was looking at some numbers two days ago, and looking at the number pre our all-access model -- 96.2% of our folks were taking at least the Sunday home delivery. Post-full access, that number is 96%. So a couple of decimal places, but we are seeing very good traction on maintaining the frequency of delivery.

Scott Davis

That's helpful. thank you.

Unidentified Audience Member

Hi Gracia. Can you give us any update on the performance at Classified Ventures, and maybe any ability to realize value there -- of the assets?

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Sure. Just by way of background, we have a minority interest in Classified Ventures with several other partners, including McClatchy, Tribune, Belo and others. The performance of Classified Ventures has been very, very strong. With the auto market being as strong as it is, and the great job that they are doing, we have a very good performance out of Classified Ventures.

Obviously, as partners, we all have thoughts around Classified Ventures. We will have conversations and we will see. But it's a wonderfully performing asset for all of us right now, and paid us a nice dividend last year. And so we will be very careful to make sure that whatever we do, if we do anything -- because we kind of like the ownership structure right at the moment -- that it will create value for all of us.

Scott Wipperman - *Goldman Sachs - Analyst*

Great. Well, unfortunately, I think that's all the time we have. But Gracia, thank you very much for being here.

Gracia Martore - *Gannett Co., Inc. - President, CEO*

Thanks very much, Scott.

Scott Wipperman - *Goldman Sachs - Analyst*

We really appreciate it.